

13 December 1963

MEMORANDUM FOR: Executive Director - Comptroller

SUBJECT : President's Memorandum on Government Economy

1. I propose to take the following actions to meet the objectives of the President's memorandum on Government economy and to comply with Action Memorandum No. 319 of 6 December 1963.

a. Inspection Staff

(1) Reduce the number of inspectors from ☐ positions are currently incumbered). Under this reduction I believe the Inspection Staff can still meet its approved inspection schedule for 1964. It will not be possible to take on any new assignments during 1964 without dropping a scheduled inspection, nor will we be able to accelerate our inspection cycle. We will be able, however, in the future to cover selected organizational units on the basis of a "full field inspection" once every three years.

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(2) Reduce the authorized GS-7 clerical positions from

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b. Audit Staff

(1) The program of the Audit Staff will be curtailed to a limited extent as a result of the freeze on its four vacancies, reducing its current strength from . The Audit Staff makes a major contribution to the economy and efficiency of the Agency and more than "pays for itself" by the identification of possible savings, by the exposure of waste and by improving our administration of funds. In the interests of sound management, the Audit program should, at the earliest opportunity, be resumed at full strength; in this way it can make the maximum contribution to the reduction of over-all Agency costs, and the ensurance of strict financial controls.

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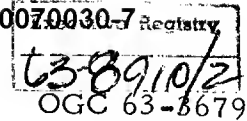
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(2) The field staff, during the past year, has been reduced from [] by transfer of auditors PCS to Headquarters. An additional transfer to Headquarters will become effective the end of January 1964. The audit program can, if necessary, be conducted from Washington. However, the impact of withdrawal of the field staff would probably be increased cost for the first year, but thereafter costs should revert to about the present, or a slightly lower, level with reduction in overseas expenditures being largely offset by increases in departmental expenses. Headquarters staff and space requirements would be increased, also intangibles such as accessibility, effectiveness as related to familiarity with operations under audit, promptness of reporting, and recruiting incentives would all be adversely affected if overseas audit offices are closed. On balance, I feel that retention of the four overseas audit offices is in the over-all interest of the Agency.

2. Both the Inspection Staff and the Audit Staff have been directed to stress the principles of economy outlined in the President's memorandum and the DDCI directive of 6 December, in the conduct of their regular inspection and audit functions. We will continue to give highest priority to efforts to identify instances of inadequate management, over-staffing, marginal activities which could be eliminated or curtailed, and functions which may be continuing without sufficient justification.

[]
J. P. Earman
Inspector General

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13 December 1963

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT: Action Memorandum No. 319 - Government Economy

1. I have reviewed the work of the Office of General Counsel as it relates to the subject memorandum. It should be noted that the office expenditures are almost entirely for personal services. There is no statistical device to measure the number of lawyers needed to fulfill the legal responsibilities of any organization, be it Government or industry. This office has [] employees, of whom [] are lawyers. This includes the legislative liaison function. For what it is worth, the comparable office in the Department of State has about [] employees, while AEC has about [] lawyers, and AID about []. Whatever the right figure, it appears to be an accepted fact that an adequate legal staff is a necessary adjunct of any organization, and there is no question that one of the functions of the legal staff should be to seek means of achieving economies in addition to its main function of trying to foresee and provide against legal entanglements which normally involve added expenses. In this work it is seldom possible to demonstrate precise economies. However, we can list some current matters in areas for which we are responsible and in which ascertainable economies have or will be achieved:

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a. In agreement with the Deputy Director (Plans), the sole remaining OGC representation abroad in [] is being phased out, effective in the spring of 1964.

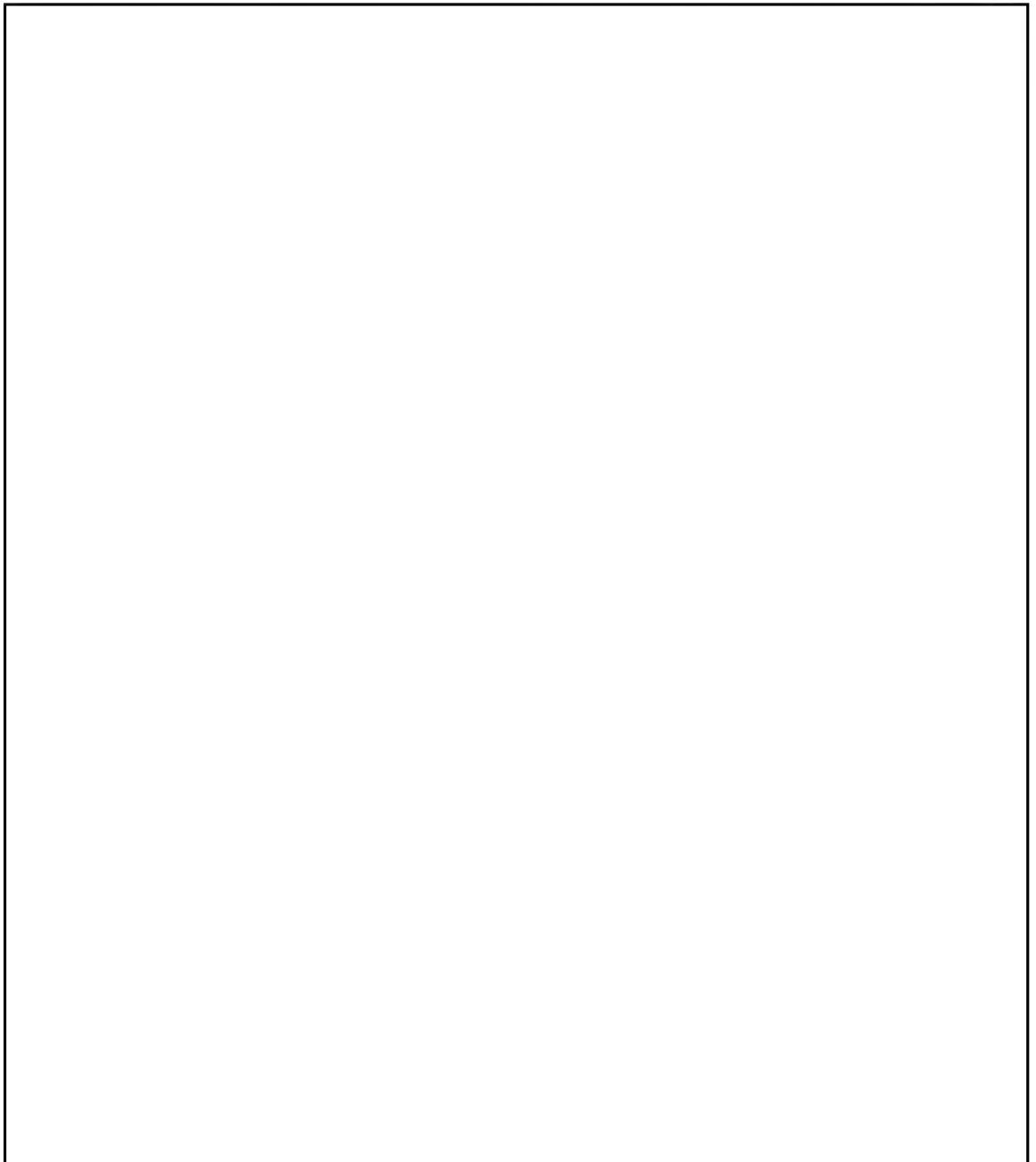
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c. We propose to devise a means for stricter monitoring of the use of outside lawyers. This valuable and necessary service is, we believe, on the whole properly utilized, but occasionally case officers take problems to these comparatively expensive lawyers which could be more cheaply done here in the office. The probable answer is a review by this office of all legal billings, and we are examining how to institute such a review.

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2. The expenditures for the Office of General Counsel itself have little impact on the total Agency budget. In Fiscal Year 1964 the budget is [] of which [] is for personal services. I have carefully reviewed the workload of the office, which of course comes to us from our clients and is not subject to our control. For the foreseeable future we are not staffed to get all the work out on as timely a basis as I would like to see, even with the staff working consistently in excess of the normal workweek. Any reduction in staff would compound this problem seriously. The trend has been for the workload to increase, and if this continues additional assistance may be required.

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LAWRENCE R. HOUSTON
General Counsel